



## Case M1515J

# Proposed acquisition of Refinitiv by the London Stock Exchange Group

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## Decision

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## SUMMARY

1. The London Stock Exchange Group Plc (**LSEG**) proposes to acquire the Refinitiv business (**Refinitiv**) from Refinitiv Holdings Limited. Both Refinitiv Holdings Limited and Refinitiv, are owned by Blackstone Consortium (**Blackstone**) and Thomson Reuters.
2. The transaction has been notified to the Jersey Competition Regulatory Authority (the **Authority**) for approval pursuant to Article 21 of the Competition (Jersey) Law 2005 (the **2005 Law**). The JCRA has determined that the proposed acquisition will not lead to a substantial lessening of competition in any relevant market and hereby approves the notified transaction.

## THE NOTIFIED TRANSACTION

3. On 9 April 2020, the Authority received a joint application from LSEG (the **Purchaser**), and Refinitiv Holdings Limited (the **Seller; the Notifying Parties**) for the proposed acquisition of Refinitiv (the **Target**).
4. The Authority registered the application on its website with a deadline for comments of 27 April 2020. No submissions were received.

## THE PARTIES

5. LSEG is a public company incorporated under the laws of England and Wales (Company Number 05369106), which is listed on the London Stock Exchange's main market for listed securities. In relation to customers located in Jersey, LSEG provides capital markets services, information services and technology service. LSEG is headquartered in the United Kingdom, with operations in North America, Italy France, Romania and Sri Lanka.
6. Refinitiv Holdings Limited (Company Number 331756) is the holding company of the Target. Blackstone has sole control of both the Seller and the Target. The Target provides financial markets data and infrastructure – data and analytics, capital markets and workflow solutions, and risk management services. Its services are generally available globally, including throughout the EEA, however the Target [REDACTED].

## REQUIREMENT FOR JCRA APPROVAL

7. Under Article 2(1)(b) of the 2005 Law, a merger<sup>1</sup> occurs where a person who controls an undertaking acquires direct or indirect control of the whole or part of another undertaking. On completion of the Notified Transaction, the Purchaser will acquire the Target. The Notified Transaction therefore constitutes a merger as defined by the 2005 Law.
8. According to Article 20(1) of the 2005 Law, a person must not execute certain mergers or acquisitions except with and in accordance with the approval of the Authority.

## VERTICAL MERGERS AND ACQUISITIONS

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<sup>1</sup> For brevity, mergers and acquisitions are referred to as 'mergers' in this document.

9. Article 3 of the Competition (Mergers and Acquisitions) (Jersey) Order 2010 (the **Order**) provides that if one or more of the undertakings in the proposed merger or acquisition has an existing share of 25% or more of the supply or purchase of goods or services of any description supplied to or purchased from persons in Jersey, and another undertaking in the proposed transaction is active upstream or downstream of those goods or services in which the 25% share is held, then the merger must be notified to the JCRA for approval under Article 20(1) of the 2005 Law. This has effect irrespective of whether the supply is to or from persons in Jersey, or there is an existing supply or purchase relationship between the parties to the merger.
10. According to the information provided by the Notifying Parties, [REDACTED] and therefore there are no non-horizontal links in Jersey. However, there is a potential non-horizontal link between the Purchaser's products / services in Jersey and certain products / services offered by the Target outside of Jersey. These non-horizontal links relate to the provision of regulatory information services, provision of security identifiers and the provision of equities index licensing, for which the Purchaser may have a supply of [REDACTED].
11. The Notified Transaction therefore requires the approval of the Authority prior to its execution.

## MARKET DEFINITION

12. Under Article 22(4) of the 2005 Law, the Authority must determine if the merger would substantially lessen competition in Jersey or in any part of Jersey. As an initial step, the Authority will identify the markets which are likely to be affected by the merger since market definition provides a framework within which the competitive effects of a merger can be assessed<sup>2</sup>.
13. When defining a market, the Authority may take note of its own previous decision making practice and/or market definitions applied by other competition authorities. However, these previous decisions are not precedents and are not binding, either on the merging parties or on the Authority. Competition conditions may change over time, changing the market definition. Market definitions will always depend on the prevailing facts<sup>3</sup>.

## VIEWS OF THE PARTIES

14. There are three products / services supplied by the Purchaser which are linked to goods and services supplied by the Target outside of Jersey:

- (i) Regulatory Information Services

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<sup>2</sup> The boundaries of the market do not necessarily determine the outcome of the analysis of the competitive effects of the merger. This is because there can be constraints on the merging parties from outside the relevant market, segmentation within the relevant market or other ways in which certain constraints are more significant than others. The Authority will, where appropriate, take these factors into account in its assessment.

<sup>3</sup> This approach is consistent with that taken under EU law – see, for example, Joined Cases T-125/97 and T-127/97 [2000] ECR II-01733, paragraphs 81-82. Article 60 of the 2005 Law requires the JCRA to attempt to ensure that so far as possible questions arising in relation to competition are dealt with in a manner that is consistent with the treatment of corresponding questions arising under European Union law in relation to competition within the European Union.

- (ii) Securities Identifiers
- (iii) Equities Index Licensing

#### REGULATORY INFORMATION SERVICES

15. The European Commission and other National Competition Authorities have considered the supply of financial information services in a number of decisions. The parties consider that the market segmentation which was proposed in *Blackstone / Thomson Reuters F&R Business*<sup>4</sup> is the best reflection of market practice and industry dynamics, and submit that competition in the market for financial information products generally takes place on the basis of packaged data solutions. However, although no conclusion was reached on the relevant product market, the European Commission's decision was analysed on the basis of discrete content sets. The Notifying Parties have therefore provided information on the basis of discrete content sets, with the narrowest plausible basis being **the provision of regulatory information services**.
16. The Notifying Parties further submit that the supply of financial information products (both packaged solutions and discrete content sets) are global in scope. This is consistent with the previous European Commission decisions.

#### SECURITIES IDENTIFIERS

17. The Purchaser issues identifier codes for entities and securities linked to its primary capital market activities and operations (i.e. listings). One of these is SEDOL, a global multi-asset class numbering system which provides reference data and unique identifier codes for global equity, derivatives and fixed income securities. Customers use SEDOL to map and connect disparate datasets or software services, facilitate global trading activities and link their management systems and workflows. The Purchaser's SEDOL application and database allows licensees to search and filter information on securities in all asset classes as well as to create SEDOLs.
18. The Notifying Parties submit that the relevant product market is the supply of securities identifiers, which is part of the wider market of the supply of financial information services. The Notifying Parties further submit that the market for the supply of financial information products (including in relation to security identifiers) is global in scope.

#### EQUITIES INDEX LICENSING

19. The Notifying Parties submit that indices are a type of financial information product, however have presented the product separately for consistency with previous European Commission decisions. Indices measure changes in the value or performance of one or more underlying markets, market/geographic sectors or performance characteristics. They are used by financial market participants for a broad range of purposes, for example as a reference value for financial contract or products, to track portfolios and benchmark investment performance, or as a basis of tracking funds.
20. The Notifying Parties maintain that conceptually the licensing of index data can be considered part of the broader segment for the supply of financial information. This approach has been taken in several cases at a national level in the UK. However, the European Commission analysed such

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<sup>4</sup> Case No ME/2485/06, 20 July 2018

activities separately from the supply of market data. The Notifying Parties submit that the market definition can be left open as there are no competition concerns raised even within the narrowest potential segment of equities index licensing.

21. The Notifying Parties submit that the market for the supply of indices and other financial information products are global in scope, consistent with previous European Commission decisions.

#### CICRA CONSIDERATION

22. CICRA considers that the precise market definitions can be left open since the Notified Transaction will not give rise to a substantial lessening of competition on any reasonable basis.

#### EFFECT ON COMPETITION

23. There are no horizontal overlaps between the activities of the Notifying Parties in Jersey, therefore no consideration has been given to horizontal effects.

#### VERTICAL EFFECTS

24. Vertical mergers are mergers where one party has a 'vertical' relationship with the other (for example, as a supplier to or customer of that party). The focus of control of these types of merger focuses on the ability and incentive to foreclose an actual or potential rival's access to supplies or markets as a result of the merger and whether such a strategy would have a significant detrimental effect on competition either up or downstream.
25. As noted above, the Target [REDACTED]. It can therefore be assumed that, to the extent that consumers in Jersey require the type of service supplied by the Target, they are able to purchase these from other suppliers and will continue to do so after the acquisition. In addition, the Purchaser would be unlikely to have the incentive to foreclose access to the market in Jersey to competitors of the Target [REDACTED].
26. The transaction is therefore unlikely to lead to a substantial lessening of competition on the grounds of anti-competitive vertical foreclosure.

#### DECISION

27. Based on the preceding analysis, the Authority concludes that the acquisition will not substantially lessen competition in Jersey or any part of Jersey. The merger is therefore approved under Article 22(1) of the 2005 Law.

**15 May 2020**

**By Order of the Board of the JCRA**